

*These notes refer to the Commonhold and Leasehold Reform Act 2002 (c.15) which received Royal Assent on 1st May 2002*

# COMMONHOLD AND LEASEHOLD REFORM ACT 2002

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## EXPLANATORY NOTES

### COMMENTARY ON THE SECTIONS: PART 1

#### *Commonhold unit*

#### *Section 17: Leasing: residential*

65. [Section 17](#) places one of the few restrictions that the commonhold scheme requires on the ability of a unit-holder to treat his unit as though freehold. It is Government policy that residential commonhold units should not be let for long unbroken periods. This is to avoid the possibility of repeating the difficulties which exist in leasehold blocks now. The intention is that regulations made under [subsection \(1\)](#) should set down both that no premium should be payable for a lease, which should be at a rack rent, and also that the maximum period for a single term lease should be restricted to seven years. Subsection (1) announces the restriction on granting leases unless the terms satisfy certain conditions, and [subsection \(2\)](#) sets out the matters which would form the basis of those conditions. [Subsection \(3\)](#) provides that, if a lease is granted which contravenes the prescribed terms, it shall be of no effect, and [subsection \(4\)](#) allows recourse to the courts by any party to such an ineffective lease, giving the court powers to order that the ineffective lease should take effect, to order the return or payment of money by way of compensation, and to make any other provision which it thinks fit. [Subsection \(5\)](#) requires that a residential unit should be so described in the commonhold community statement.